
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes October 18, 2007

Call to Order: The monthly meeting of the School Property Tax Control Board was held on Thursday, October 18, 2007. The meeting was held in the Indiana Government Center South, Conference Center Room A, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Tony Samuel, Richard Besinger, Debbie Hineline, Joe Bronnert, David Bowen, Chuck Nemeth, Denise Seger and Kaitlin Boldt, Administrative Officer.

Minutes and Discussion: Mr. Bowen motioned to recommend approval of the September 20, 2007 minutes. Dr. Seger seconded and the motion carried 7-0.

Brownsburg Community School Corporation, Hendricks County: Officials request approval of a lease rental agreement with maximum annual payments of \$1,585,000 for a term of 22 years. Total project costs are \$17,987,000. The tax rate impact is \$0.0624 with a new facility rate impact of \$0.0169 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process.

Present for the hearing was Kathy Corbin, Superintendent; Marvin Ward, Business Manager; John Voigt, Director of Facilities; Karen Starkey, Community Member; Tim Murphy and Kathy Waite, School Board; Bret Daghe, Principal; Andy McNeilly and Jason Bruce, CSO Architects; Skip Keltner, Meyer Najem; Karl Sturbaum, Bond Counsel; Damian Maggos, City Securities, and Connie Lawson, Senator – District #24.

Project: The proposed Brownsburg Senior Academy will add approximately 63,000 square feet of academic space to Brownsburg High School. It will consist primarily of classrooms, technology and science laboratories, conference and breakout rooms, senior project areas, large group instruction areas, and administrative and storage areas. The project also includes safety and security improvements at Roark Field.

The project is designed to address enrollment capacity pressures at the High School. It will at least delay the construction of a second high school and the tax impact associated therewith. The Senior Academy concept will produce higher achieving and better prepared graduates through the use of small learning communities, and by permitting the use of creative scheduling,

additional opportunities for on-line education, and expansion of non-traditional classes. The improvements at Roark Field will improve the safety and security of students and spectators.

Comments: Dr. Corbin, Superintendent, said this request concerns two parts of a project to meet the enrollment, academic, safety, and code needs of Brownsburg High School. Three years ago Brownsburg went through a difficult time when a project that was presented to the community was rejected through remonstrance. The board of school trustee has insisted on three musts: involve the community in any discussion of a building project, be totally transparent in their process, and figure out a way to build what they need while maintaining a stable or declining debt service rate. With those three parameters in mind they started with a long range planning study. It became apparent that they could not afford to build a second high school. This project is a perfect example of need meeting opportunity. They began researching the concept of a senior academy which is both an academic concept and building facility design. The reason that all of this can occur is the concept of the facility they bring to the board today. It is an addition to the high school joined by an enclosed corridor. It does however look different than the traditional high school addition. There is no cafeteria, but there is a food court similar to what you would find in a college campus building. There is no media center, but there is extensive technology. There is no gym or swimming pool, but students are close enough to use the one they already have. This option is extraordinarily less expensive than building another high school. The Senior Academy will take care of the enrollment needs of Brownsburg High School well into the next decade. The Governor has called upon educators and communities to be creative with teaching strategies and expenditures.

Roark field was built in 1967. Bleachers and outbuildings were added in 1984 and little has been done to the facility since. Their first priority is the Senior Academy, but they do have serious safety and code issues on Roark Field they must address. They must increase the safety zone around the field, they must expand the width and re-fence the circulation path, they must have a way to separate fans for safety issues, they must refurbish their bleachers so handicapped citizens can have access, and they must refurbish their teams' dressing room building so there is proper air circulation and sanitation. The major expenditure in this is moving the track which encircles the field. This is the only way they can do what they need to do without moving the entire football field which is landlocked between two streets. They were totally transparent in this process. This project will not raise the debt service rate. In fact, they expect the debt service rate to go down as it has for the past three years. The community has helped develop and has supported this project. There has been no hint of remonstrance.

Mr. Besinger asked how much their assessed value increased. Mr. Ward said it went up eleven percent this year. Mr. Besinger said school corporations always talk about their debt service rate not increasing, but the public does not always understand that if their assessed value goes up they are still paying more money. Mr. Ward said their levy went up five percent in contrast to that increase in assessed value. The Superintendent said they want their levy increase to be less than the increase in assessed value so they are giving that value to the taxpayers.

Mr. Bowen said it is indicated they will add 800 students, but yet they only have 22 classrooms. The Superintendent said all of the students will not be in the building at the same time. The classrooms will take care of classes that are strictly senior class situations. Five to six hundred students in the building at any one time would be more likely. They have to meet the same

graduation requirements, but some students will do that in less traditional ways. Mr. Bowen asked what the capacity will be for grades nine through twelve. The Superintendent responded 3,200. Mr. Bowen asked what 17% of the building devoted to student area is for. The Superintendent said because they will be doing less traditional learning and senior projects they need to have places where students can gather. These are spaces where students can gather in small groups without taking up classroom space. Mr. Bowen asked what the directed interaction and assessment space will be used for. The Superintendent said it would be used for testing and career preparation.

Mr. Bronnert asked if they had any other schools they used as a model for this. The Superintendent said they have models of the program concept that they have looked at in different parts of the county. The concept of the facility itself is one that they are adapting to the learning. You could do a senior academy concept within a traditional high school space. This is where need has met opportunity for them.

Mr. Besinger said so many times schools come in with a senior or freshman academy and years ago it was an open classroom concept, but over time these new concepts have not been very efficient and do not produce increases in ISTEP or SAT scores. Mr. Besinger said they are adding thirty teachers and a new building which will increase expenses and taxes. The Superintendent said the teachers that they have added were teachers to replace prime-time aids in order to bring class sizes down so the cost was a wash. The teachers they have added for growth, that money has come from the state from additional money for additional students. They have not increased the number of dollars that taxpayers pay for those thirty teachers. Mr. Besinger said the aids for teachers cannot be a washout. The Superintendent said they can if they had 39 aids for which they can purchase 13 teachers.

Dr. Seger said the equipment list shows loose equipment of \$568,600 and page 120 shows \$508,600, so that will need to be corrected.

Mr. Nemeth asked if the food center will be manned by outside vendors and if so what is the revenue flow. Mr. Ward said it may be supplied by outside vendors, but they would still use their cafeteria staff and meet all of the nutritional standards. They are doing much of that within their cafeteria system already where they purchase meals from area vendors that comply with the food nutrition program. They have a satellite cafeteria within the high school right now in an effort to separate students. Mr. Nemeth asked how they hired the construction manager because the cost is higher than most they have seen. Mr. Voigt said they used an interview process and then they worked with two community members, two board members, and a group from the central office to do the interviews. They received fourteen proposals and conducted six interviews. Mr. Nemeth said this was probably not the low proposal. Mr. Voigt said it was the middle of the four they narrowed it down to. Mr. Nemeth asked if any of the former remonstrators were involved in this process. A former remonstrator said the group is very honest now. Mr. Nemeth asked how their cash balances are, if tax bills have gone out, and where they are financially. Mr. Ward said their tax bills in Hendricks County went out maybe a month late so they received 50% of their property tax obligation in their June settlement. Their tax distributions are on schedule. Their cash balance in debt service is sufficient. Mr. Nemeth asked if some of the advertising and activity for this project took place after the tax bills were out. Mr.

Ward said everything associated with this project took place after everything was out and known. The first payment was paid well in advance of their 1028 hearing.

Mr. Bowen asked what the physical education building options included in the cost estimate are. They said the existing building located on the field has its original roof and HVAC system so both of those items are being looked at to be replaced. The Superintendent said that is the dressing area on Roark Field that she spoke about. The building is used as an outdoor facility for physical education.

Mr. Besinger asked if the building is used as a dressing room for football games. The Superintendent said it is used for outdoor physical education activities. Mr. Besinger asked if students dress out there. The Superintendent said the facility during this time of year is primarily used as a dressing room for Roark Field. It is not used as much during the winter.

Mr. Nemeth asked what their cash balance is in the general and debt service fund and if they are in a declining financial situation. Mr. Ward said the cash balance in the general fund went up this year because they had a timely settlement at the end of last year. The cash balance in the general fund is usually five to ten percent depending on what they have going on in a given year. Debt service has a good balance. They have never been in the red in any funds. Transportation has a stable balance.

Mr. Bowen said on the individual project breakdown forms it indicates track relocation, storage, concessions and restrooms. Mr. Bowen asked if the physical education building is part of that. The Superintendent said that whole area is on Roark Field. Mr. Bowen said someone should have been clearer that they were including a building of this size in this project. The Superintendent said there is no addition to the building. That part of the project was difficult to fit into the hearing information sheet. Mr. Bowen said it could have been shown as a renovation. The Superintendent said most visitors to the field use the facilities in their regular high school building.

Mr. Bronnert asked what the total amount they are requesting is. Mr. Maggos said the total costs are \$17,987,000, but the total amount they are bonding is \$17,500,000. The \$487,000 difference is interest earnings. Mr. Maggos said he is not sure where to show interest earnings. Mr. Ward said it is probably there indirectly because they reduced capitalized interest.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$1,585,000 for 22 years. Dr. Seger seconded the motion, which favorably carried 5-2. Mr. Samuel and Mr. Besinger cast the dissenting votes.

New Facility Appeal: Officials request approval of a new facility appeal in the amount of \$322,945. The tax rate impact of the appeal is \$0.01702. The appeal was properly advertised. Officials request the appeal for two facilities. An addition of 28,888 square feet to East Middle School was occupied in July 2007. The appeal amount is \$79,530 and includes 1.5 custodians, insurance, employee benefits, utilities and supplies. Reagan Elementary School, a new facility of 89,700 square feet, was occupied in July 2007. The appeal amount is \$243,415 and includes four custodians, insurance, employee benefits, utilities and supplies.

Comments: Mr. Ward, Business Manager, said the new facility appeal for this year involves two building projects. One part of the appeal is for the expansion of East Middle School. They received approval for half of that appeal last year and this year they are requesting the second half in the amount of \$79,530. The second half of the new facility appeal is for a new elementary school that is under construction now and will be occupied in July of 2008. Again, they are only asking for the taxpayer contribution to be half of the operating costs at this time, which would be \$243,415. The total amount of the new facility appeal is \$322,945.

Mr. Bronnert asked if the appeal includes any nurses or security officers. Mr. Ward said he tried that last year and it was not approved so he did not include them this year.

Ms. Hineline said the appeal page for the elementary school shows an appeal amount of \$486,530, but the cover page shows \$486,830. Mr. Ward said that was a typo. They are only requesting \$243,415 for the budget year 2008.

Mr. Nemeth asked why they pulled their transportation appeal. Mr. Ward said when they had to advertise their budget the levy increase was not a known factor and they did not know their ADM for sure. They had predicted over 281 additional students to be coming for ADM and they did not achieve that number. The levy increase was sufficient to carry them through so they did not hit the taxpayers for additional charges.

Mr. Besinger asked what their increase in students was this year. Mr. Ward said their ADM was up 189 students this year. Mr. Besinger asked what they do with the extra money they receive from the state for those students. Mr. Ward said it is fully consumed by additional teaching staff. They hired thirty additional teachers this year. Mr. Besinger asked if they hired thirty new teachers for 189 students. Mr. Ward said they had program changes and a lot of other things going on in the school corporation besides student growth. They are trying to work their student teacher ratios down. They reduced prime-time aids and hired teachers in place of that.

Mr. Bronnert said 19:1 is a pretty good teacher ratio.

Motion: Mr. Bowen made a motion to approve a new facility appeal in the amount of \$322,945. Mr. Nemeth seconded the motion, which favorably carried by a vote of 5-2. Mr. Besinger and Mr. Samuel cast the dissenting votes.

MSD of Washington Township, Marion County: Officials request approval of a transportation appeal in the amount of \$184,800. The tax rate impact is \$0.0030. The appeal was properly advertised. Officials request the appeal due to increases in fuel costs.

Present for the hearing was James Mervilde, Superintendent, and Joe Licata, Chief Business Officer.

Comments: Mr. Mervilde, Superintendent, said they are requesting a transportation operating fund appeal in the amount of \$184,800. The appeal is based on projected increases in fuel costs.

Washington Township is in the midst of very little student growth, but they are seeing growth in the number of poor students. That places a premium on transportation services in terms of running late busses and activity busses. The school district is in the shape of an inverted “U” with a large area of IPS that injects into it that and causes extra expenses in terms of inefficiency.

Mr. Besinger asked if they had any increase in total miles transported. Mr. Licata said mileage changes a little from year to year, but what changes most is the unanticipated runs they are doing related to late runs for athletics. Washington Township is not a walking district. The Superintendent said they have had an increase of about 60 students which was about the prediction through the budget formula. The issue is the complexity and the number of runs they make back and forth between schools for programming.

Mr. Bronnert said the sheet shows they are only asking for an increase in fuel costs. Mr. Bronnert asked if \$2.29 is what they actually paid or is it a budget figure. Mr. Licata said that is an average of what they have actually paid this year. They anticipate an additional increase in 2008.

Mr. Samuel asked how they get to \$2.85 per gallon for 2008. The Superintendent said it is a conservative estimate of what the price may come out to be.

Mr. Besinger asked if they contract any fuel ahead of time. Mr. Licata said they do some, but they do not get too far out ahead because of market fluctuations. Mr. Besinger said if they enter into a contract they can cover with their budget they would not be in this situation, regardless of what happens with the marker. Mr. Licata said most long term contracts for fuel have high prices.

Mr. Nemeth said not all of the information is on the form in terms of increased students or miles traveled which would help drive a 10% increase in their budget. Mr. Nemeth said his concern is that they may not be eligible under that statute with what they have shown.

Mr. Bowen said the statute says to be granted an increase by the DLGF the school corporation must establish that the increase is necessary because of transportation operating cost of at least 10% over the preceding year as a result of at least one of the following, where the only thing they list is a fuel increase. Mr. Bowen said he does not see how they qualify.

Motion: Mr. Bowen made a motion pass the transportation appeal to the Commissioner with no recommendation. Ms. Hineline seconded the motion, which favorably carried by a vote of 4-3. Mr. Besinger, Mr. Nemeth, and Mr. Samuel cast the dissenting votes.

Tell City-Troy Township School Corporation, Perry County: Officials request approval of a lease rental agreement with maximum annual payments of \$180,000 for a term of 16 years. Total project costs are \$2,000,000. The tax rate impact is \$0.0400 with no new facility appeal expected. The common construction wage scale was passed by a 3-1-1 vote with the Awarding Agency Representing Industry representative voting no and the Governor’s representative abstaining. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Ronald Etienne, Superintendent; Tom Durkin, Consulting Engineer; Lonnie Therber, Financial Advisor, and Thomas Peterson, Bond Counsel.

Project: The Project is made up totally of major maintenance items at Tell City High School which has had few improvements since 1979. Components of the Project are:

1. Upgrading HVAC system in the classroom section of the building;
2. Window replacements; and
3. Locker replacement.

Funding will come from an issue of Qualified Zone Academy Bonds ("QZAB") to be purchased by a financial institution. The Bonds are interest free to the issuer. The lending institution will receive the equivalent of interest in the form of Federal Income Tax credits. The QZAB program is one in which the Federal Government sets the repayment term and interest rate equivalency on a monthly and daily basis, respectively.

Comments: Mr. Peterson said this is a Qualified Zone Academy Bond Lease which is a federal program that allows existing schools to be renovated and the bonds that are issued are issued at a zero interest rate. The school corporation will not have to pay any interest on this bond issue. The Department of Education is responsible for determining which projects qualify for the QZAB. This bond issue was given a \$2 million allocation. Two million is the maximum amount that can be received. The term of the payback is set by the IRS on a monthly basis. It has ranged from twelve years to eighteen years. You do not find out what the term is until the month that you issue the bonds. Right now the term is at fourteen years so they are asking for sixteen years because that should be able to cover what they are asking for. The QZABs that they have seen in the past have had 5% of the bonds going for cost of issuance, but in this case the school corporation did a lot of the work themselves so they were able to bring those costs down to \$35,000 from \$100,000. This program is limited to renovation of existing buildings and also must qualify under the percentage of free and reduced lunch students.

Mr. Etienne, Superintendent, said they are currently finishing up some work that was approved sixteen months ago. They started an HVAC renovation at Tell City High School. The HVAC system was almost thirty years old. About 55-60% of the HVAC renovation is done, but they ran out of money so they are asking for approval of this two million dollars which should finish the project. The high school building is a 1928 original facility. The HVAC unit in the north hallway is leaking constantly and they cannot fix it.

Mr. Bowen asked if the window and locker replacement is included in this. The Superintendent said it will be included if money allows. The estimates seem to indicate it will take all of the money to finish the HVAC. Mr. Bowen asked Mr. Durkin what his estimate is for the HVAC. Mr. Durkin said it is going to be close. The bracketed numbers come out to \$1.7 – 2.1 million for construction costs.

Mr. Samuel asked if there was an original \$16.5 million project. The Superintendent said there was a \$16.5 million project to renovate the high school and do some small additions to accommodate handicap access and do some work at the junior high school. That project was shot down through the remonstrance process. They are working with a community committee to

address the bigger project again. This HVAC project was included in the \$16.5 million project, so theoretically this would reduce that larger amount.

Mr. Besinger asked if they thought about doing any of this work with CPF. The Superintendent said they do not have the capacity for this in their CPF and because they have the QZAB available it makes more sense to do it this way. Mr. Besinger said they are paying insurance and other things out of CPF where if they paid for those things with the general fund that would free up money in CPF to take care of maintenance items. The Superintendent said when he took this job the school corporation was \$3.5 million in debt in the general fund. Their general fund is extremely stressed. They did a major reduction in staff in the spring of 2006. They are just now getting their general fund back to the point where it is in the black. The statute allows them to pay utilities and property insurance with CPF.

Ms. Hineline asked if the taxpayer who objected is present. The Superintendent said he is not here, but he was at the 1028 hearing and had a couple of questions about the financing and impact on the tax rate.

Mr. Nemeth asked if anyone from the Department of Education would like to explain the two million dollar maximum cutoff. Bill Riley said when this program was initiated by the Federal Government Indiana's allocation was about four million dollars. The game plan was to spread the money as widely as possible so a two million dollar cap was set. The application clearly states that all DLGF regulations must be adhered to. The school corporations must have at least 35% of their students in the free and reduced lunch program and have to come up with a 10% match of the application from local sources. There is no interest cost to the school corporation because the Federal Government is underwriting the interest cost via the lending institution's tax return. The reason for the two million is to spread the money as widely as possible. Indiana's allocation for 2007 was \$7.9 million. Mr. Nemeth asked how the cost of financing came down. Mr. Peterson said in the past schools have worked with a matchmaker to secure the grants and local financing. The matchmaker would then charge the 5% allowed by federal statute and pay all of the professionals and keep whatever was left. This school district did all of the work themselves so they did not have to pay the 5%.

Mr. Bronnert asked how many school systems are in Perry County. The Superintendent responded three. They are Cannelton, Tell City, and Perry Central. Mr. Bronnert asked if there has been any talk of consolidation. The Superintendent said there is talk all the time. The town council candidates were having a forum recently and that was a question that came up. There is a lot of talk, but nothing official has happened yet.

Motion: Ms. Hineline made a motion to approve a lease rental agreement with maximum annual payments of \$180,000 for 16 years. Mr. Bronnert seconded the motion, which favorably carried 7-0.

Bloomfield School District, Greene County: Officials request approval of a lease rental agreement with maximum annual payments of \$597,000 for a term of 8 years. Total project costs are \$2,000,000. The tax rate impact is \$0.2900 with no new facility appeal expected. The common construction wage scale was passed by a 3-1-1 vote with the AFL-CIO

representative voting no and the Governor's representative abstaining. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Dan Sighting, Superintendent; Todd Corn, Legal Counsel; Eric Harrah, Bloomfield Town Board President; Bart Beard, Chairman Greene County Commission, and Thomas Peterson, Bond Counsel.

Project: The goals of this project are to provide an optimal learning environment, save money, address capital replacement needs, modernize facilities and implement 25 year solutions. These goals will be realized through:

HVAC Replacement / Upgrade: (Elementary):

- Install a new centralized chilled water plant
- Install a new centralized hot water plant / add high efficiency boiler to existing plant
- Install dual temperature piping throughout
- Install a new pumping system with variable frequency drives
- Install new ducted, custom classroom air-handling units
- Install a new DX VAV system – Office
- Install new air-handling units in the Junior High Gym
- Resolve zoning issue in the Industrial Technology area
- Install new hot water cabinet unit heaters / exhaust fans as required
- Install full direct digital controls (CO2 / humidity sensors in strategic locations)
- Install new lighting system in the classroom areas / designed for optimal light levels
- Install new LED exit signs throughout
- Install new 2x2 acoustical ceilings in the classroom areas
- Install a new larger electrical service for the Elementary as required
- Replace obsolete branch panels with new as required
- Install new 120/208v branch circuit panels for future connection of additional classroom circuits
- Investigate panel feeder and branch circuit wiring type and condition

HVAC Replacement / Upgrade: (Junior High):

- Install new air-handling units in the Junior High Gym
- Address current drainage issues at east side of Jr. High

HVAC Replacement / Upgrade: (High School):

- Replace the chiller at the High School

Comments: Mr. Sighting, Superintendent, spoke about the project. The elementary school was built in 1961 and in 1991 the heating and cooling system was renovated. Within two months of completing the project the company that installed the unit ventilators went out of business. That system is starting to malfunction and they are losing control of the system which leads to high electricity costs. The electrical system in the building was installed in 1961. With the onset of the computer era they need more electricity in the classrooms. They have not received any negative feedback about this project. They have been working with the local assessor and auditor to make sure they are data compliant. It is also important to work together with other local units to control the property tax level for taxpayers. One of the motivating factors for this project is to make sure they have a stable tax rate in their community.

Mr. Bronnert said this seems to be a lot of work for two million dollars. Mr. Bronnert asked if they have the projects prioritized. The Superintendent said they have not bid the project yet. When they bid the project they know they will have to prioritize things and some things may need to be eliminated. Mr. Bronnert asked what they will do to complete any projects that are eliminated. The Superintendent said right now the main purpose is to handle the heating and cooling and electrical needs and they think they can get those done with this project.

Mr. Bowen asked if they are doing this through the energy savings contract program. The Superintendent responded yes. Mr. Bowen said that program was structured so there would be no financing costs because they pay for the cost of the work with the savings realized in the general fund, but yet they are paying \$450,000 in interest. Mr. Bowen asked why they chose to go in this direction. The Superintendent said two of the last projects that have been done in Bloomfield School District were traditional architect bid scope jobs and both of those projects did not go very well. When they started down this path they did a lot of research and found seven similar schools that had great results in going this route. Mr. Bowen asked who they will be receiving bids from. The Superintendent said they will be receiving bids from other energy savings contractors. If they do not receive more than one bid they have the choice of doing an open market bid process. Mr. Bowen asked if they expect to get more than one bid. The Superintendent said he does not know yet, but he would hope so. Mr. Bowen asked if the date for taking bids is November 15. The Superintendent responded yes. Mr. Bowen asked who prepared the documents for the bidding. The Superintendent said they did it jointly with Performance Services. Mr. Bowen asked if they had an independent engineer review the project. The Superintendent responded no.

Mr. Nemeth asked how they came in right at two million dollars. The Superintendent said the idea was to try to provide a stable debt rate. They know they cannot go above two million and provide a stable rate. They have not bid it yet so they do not know what the final amount will be. Mr. Nemeth said they mentioned they have more work to do so this will not cure everything. The Superintendent said their plan is to do a roof out of CPF in the future. Mr. Nemeth said he is always concerned when projects come in right at the threshold to allow participation by the taxpayers. The Superintendent said he thinks they have enabled the taxpayers to participate in the process and they have not received any negative comments.

Dr. Seger asked if they will be back if this project does not cover everything they need to do. The Superintendent said it depends what is left and what they can and cannot do with CPF.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$597,000 for 8 years. Dr. Seger seconded the motion, which was denied by a vote of 4-3. Mr. Samuel, Mr. Besinger, Mr. Nemeth, and Mr. Bowen cast the dissenting votes.

Sheridan Community Schools, Hamilton & Boone County: Officials request approval of a lease rental agreement with maximum annual payments of \$2,200,000 for a term of 23 years. Total project costs are \$25,000,000. The tax rate impact is \$0.4700 with a new facility rate impact of expected, but the amount was not reported. The common construction wage scale was passed by a 3-1-1 vote with the AFL-CIO representative voting no and the Governor's representative abstaining. An application was filed for petition/remonstrance. The vote was

1,186 yeas and 400 nays. The school corporation did not modify any part of the project to address taxpayer concerns.

Present for the hearing was Derek Arrowood, Superintendent; Mark Durr and Judy Stops, Board of Trustees; Tina Rogers, Kelley Woodworth, Kim Childers, Cheryl Inman, and Randy Brinbury, Lead Community Members; Kent Harris, Administrative Assistant; Ed Baker, SHS/SMS Principal; Dean Welbaum, Adams Elementary Principal; Robin Popejoy, Director of Business; Lea Jessup, Director of Technology; Kelly McNairy and Randy Ruhl, City Securities; Mary Ellenwolf and Tom Neff, Architects, and Jason Jeffries, Envoy, Inc.

Project: The project objectives are to construct a new K-6 elementary school and renovate the existing Sheridan Middle/High School. The new Sheridan Elementary School will replace the existing Adams Elementary School. The site contains about 25 acres. The new building will be approximately 110,000 gross square feet and will be designed to support 750 students. The building is the result of a series of planning meetings with staff and community and board members to achieve a design that best responds to the educational program and budget that has been established. Site improvements will include new parking lots, bus routing, playgrounds, and play fields to the east of the building. Both the new elementary and the middle/High School renovation project shall be responsive to the fiscal capabilities of the community, both in terms of the initial cost of the facility as well as the long term operational costs.

The renovation and remodel to the existing Sheridan Middle/High School could include the following:

- Renovation to existing HVAC system
- New boiler system
- Renovations to existing main entrance, corridors, Cafeteria, classroom areas and restrooms, physical educational area and gymnasium.

Comments: Mr. Arrowood, Superintendent, spoke about the project. For the first time in 80 years, their community is ready to build a new elementary schools and for the first time in over 40 years their community is ready to tackle major renovations at Sheridan High School. The Superintendent submitted a packet of letters in support of this project from members of the community who were unable to attend today. The story of Sheridan's current building project begins in 1930. At that time, the people of Sheridan committed to build one of the finest educational facilities in central Indiana. This mission was accomplished in 1932 when the current Adams Elementary opened as Adams Township Consolidated Grande and High School housing students from K-12. To get a sense of the level of importance the Sheridan Community place on this structure, Vice President to Herbert Hoover, Charles Curtis, gave the speech when the building was opened. In 1967, Sheridan High School, by then a part of Marion-Adams Schools, was opened to students in grades 7-12. In 1993 Sheridan Middle school opened as an addition to SHS for students in grades 6-8. In each of these projects the community was active in the decision making process. This tradition continued in 2005 when the community studied the possibility of improving these facilities with a facility study commission, strategic planning process, eight community forums to discuss proposed building project, and successful remonstrance process won by a three to one margin.

The building needs are justified and dramatic. The current Adams Elementary was built in 1930 and has been altered from its original design numerous times. Sheridan does not have an elementary school, they have an outdated high school converted to use for elementary students. There are air flow issues that cause safety and health concerns for students and staff currently housed in Adams. Adams Elementary does not allow room for full day kindergarten mandate from the state. Renovation of the SHS and the building of a new elementary will actually decrease operating costs, allowing more taxpayer funds to go directory towards student instruction. Energy efficiency of current elementary buildings is atrocious and includes five different heating systems and 61 individual window air conditioners. This creates energy spending that is increased by as much as \$0.50 per square foot when compared to newer, more energy efficient buildings. The High School lacks a safe and secure front entrance. Creation of such an entrance will allow them to better protect the most important assets of their school, their students. The High School heating and cooling systems are nearing the end of their expected life and will need replaced in the near future. Again, newer systems will allow SCS to have increased energy and fiscal spending efficiency. The totality of this project is classroom based, creating 36 classrooms at the Elementary level with an enhanced Media Center at the Middle and High School level.

The planning process has focused on efficient use of taxpayer funds. The cost per square foot is less than DLGF guidelines despite high site preparation costs. Building design includes space for 150 square feet per student while maximizing the number of instructional areas for students (36 classrooms). The creation of a 700 student elementary will allow their Middle and High School to better meet the space and needs of their current 7-12 instructional program. One hundred percent of requested funds will be used to improve spaces related to academic student learning. No money will be utilized towards athletics. Results of the building process will include the closure and divestment of two energy inefficient buildings with substandard sized classrooms and allow more efficient allocation of community resources while increasing the energy efficiency of their forty year old high school. Marion Elementary has already been closed and sold to Christ Covenant Church as elementary students were consolidated into one building.

In conclusion, in Sheridan, Indiana they build a new elementary school one every eighty years and renovate their high school every forty years. They believe their process and tradition of involving the community in the planning process is a model that others should follow.

Mr. Durr said they would like to stress that every step of the way they made an effort to involve the community. The feedback was always it is time, we are ready, continue. Also, all through this process they have embraced the DLGF guidelines and have told those involved to make this elementary school a model of what can be done under the new guidelines.

Mr. Bowen asked if they are closing or have already closed a building. The Superintendent said it was closed in 2004. The board voted to sell the building so it has been auctioned and sold. Mr. Bowen asked if they are closing any buildings in conjunction with this project. The Superintendent said they would vacate Adams Elementary at the opening of the new building in 2010. Mr. Bowen said under five year operational costs of the facility they do not anticipate any increased costs, but they do anticipate a new facility appeal. The Superintendent said part of the current strategic plan includes a facility component and it is their intent that they will not own

Adams Elementary when the new building opens. The new facility appeal is for \$100,000 under the understanding that they may need an assistant Principal at the new elementary school. They thought \$100,000 was a conservative amount. Mr. Ruhl said this was all disclosed at the 1028 hearing. Mr. Bowen asked what the net increase is in square footage from the old building to the new building is. The Superintendent said they are going from 80,000, including a large gym and art and music rooms, to 102,000 square feet with an art room and a music room. They are also adding a grade. Mr. Bowen said they have a net increase of 22,000 square feet, which is what they will have to base their appeal on. Mr. Bowen said page eleven of the Hearing Information Sheet requests a construction management cost estimate be prepared and that was not submitted for this project. Mr. Ruhl said they can provide that information.

Dr. Seger said a loose equipment and technology list needs to be submitted. Mr. Ruhl said that has not been completely determined at this time, but they can provide that information.

Mr. Nemeth asked if anyone in the audience was involved in the remonstrance against the project. The Superintendent said everyone is for the project. Mr. Nemeth asked if they did anything to address the concerns of 1/3 of their taxpayers that were against the project. Mr. Durr said the one issue that kept coming up was the site. They had land adjacent to the middle/high school, but they saw a need to expand that building in the future. The remonstrators did not want the school to purchase additional land for the elementary school. They presented several options in public sessions and finally selected the parcel they are using today. There were four options and they had to pick one of the four. The Superintendent said there were lots of suggestions as to what the school corporation should do, but none of them were in the best interest of the students of Sheridan. Mr. Nemeth asked if they have any overdrawn funds. The Superintendent responded no. Mr. Royter said their general fund is in great shape because the funding formula has been favorable for rural districts. All of their other funds have more than sufficient cash balances. Mr. Nemeth asked if tax bills are out. Mr. Royer said they are out in Hamilton. Mr. Nemeth asked Mr. Ruhl to explain the financing in terms of IC 20-46-7-14 on payment of principal on an annual basis in an amount determined by the DLGF. Mr. Ruhl said there are a few years on the amortization that are interest only that will be capitalized until the project is complete. They have utilized fairly high interest rates in their estimates to be conservative. Their intent is that once the building is complete there will be principal paid. It may not be a lot because of the way they have tried to stagger the payments.

Mr. Besinger asked what they are going to do with the capitalized interest. Mr. Ruhl said capitalized interest will only be used to pay interest during construction and there will be no funds left.

Ms. Hineline asked if they had their common construction wage hearing yet and provided that information to the DLGF. They responded yes.

Mr. Bronnert asked why the local attorney fee is higher than normal. They said that is just an estimate. Mr. Bronnert asked them to explain why they are holding off the tax impact until 2012. Mr. Ruhl said the first payment is in tax collection year 2009. They have a common school loan that comes off in 2010. They are trying to keep the tax rate impact as low as possible. Between now and when the project is bid they are going to work to find a middle ground to keep the

payments in line. Payments do begin in 2009. Mr. Bronnert said the debt service impact is \$0.46 starting in 2005 versus \$0.09 in 2009. Mr. Ruhl said the intent is to ease into the payment. Mr. Bronnert asked if they really think the community is backing this. The Superintendent said this is the most connected the community has been in recent history. No one disagrees that there is a need for a new educational facility for their elementary students. Mr. Bronnert said it shows they have had a slightly increasing enrollment over the past few years, but they are projecting a slight decrease in enrollment for the next few years. The Superintendent said they did a demographic study in 2005 that indicated enrollment would remain static until 2011 or 2012 and then may increase slightly. They have been waiting for a huge enrollment growth since 1993. They think the growth may come, but this building project does not address that. They have designed the elementary school to have additional classroom space if necessary if that enrollment does come. The slight enrollment growth really came last year with one hundred students in one year. They lost half of those students this year.

Mr. Bowen asked if the overall population is level. The Superintendent said since 1993 student enrollment has been between 1,100 and 1,200. The 1,203 was last year and was their all time high. Yesterday they had 1,159 students enrolled in Sheridan Community Schools.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$2,200,000 for 23 years. Ms. Hineline seconded the motion, which favorably carried by a vote of 7-0.